

**EXPORT PROMOTION COUNCIL FOR EOUs & SEZs**  
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**AnandGiri**  
**Dy. Director General**

EPC/SEZ/AM-18/F-14  
October 13, 2017

**EPCES CIRCULAR NO. 267**

**Sub : DGFT NOTIFICATION NO. 33 – EXEMPTIONS TO EOUs**

EPCES had received a number of representations from EOU member of the Council informing that EOUs should also be provided IGST exemption on their imports. EPCES had taken up this issue with Ministry of Finance, GST Council, and Ministry of Commerce, DGFT through meetings with the officials, Minister at various foras. Chairman EPCES has also met in person with Hon'ble Minister for Commerce & Industry, Hon'ble Minister of State for Finance on this subject.

We are happy to inform that Directorate General of Foreign Trade (DGFT) has issued Notification No. 33 dated 13/10/2017 (copy enclosed) providing much awaited exemptions of IGST by amending various paragraphs of Chapter 6 of Foreign Trade Policy of the Government of India.

The details of paragraph amended under Chapter 6 are as under:-

**Para 6.01(d) is amended to read as under:**

"6.01 (d) (i) An EOU | EHTP | STP | BTP unit may import and or procure, from DTA or bonded warehouses in DTA international exhibition held in India, all types of goods, including capital goods, required for its activities, provided they are not prohibited items of import in the ITC (HS) subject to conditions given at para (ii) & (iii) below. Any permission required for import under any other law shall be applicable. Units shall also be permitted to import goods including capital goods required for approved activity, free of cost or on loan/lease from clients. Import of capital goods will be on a self- certification basis. Goods imported by a unit shall be with actual user condition and shall be utilized for export production.

(ii) The imports and/ or procurement from bonded warehouse in DTA or from international exhibition held in India shall be without payment of customs duty as provided under First Schedule to the Customs Tariff Act, 1975 and additional duty of Customs leviable under Section 3(1), 3(3) and 3(5) and without payment of Integrated Tax and GST Compensation Cess leviable under section 3(7) and 3(9) of the Customs Tariff Act, 1975 as per notification issued by the Department of Revenue

(iii) The procurement of GST goods from DTA would be on payment of applicable GST taxes. The EOUs can procure excisable goods, falling in Fourth Schedule of Central Excise Act, from DTA without payment of applicable excise duty. The refund of GST taxes for supply from DTA to EOU would be available to supplier as provided under GST rules subject to such conditions and documentations as specified there in under GST rules."

**Para 6.01(f) is amended to read as under:**

"6.01(f) EOU / EHTP / STP / BTP units may import without payment of customs duty as provided under First Schedule to the Customs Tariff Act, 1975 and additional duty of Customs leviable under Section

3(1), 3(3) and 3(5) and without payment of Integrated Tax and GST Compensation Cess leviable under section 3(7) and 3(9) of the Customs Tariff Act, 1975 as per notification issued by the Department of Revenue and / or procured from DTA, with payment of applicable taxes under GST and/ or Cenvat, as the case may be, certain specified goods for creating a central facility. Software EOU / DTA units may use such facility for export of software."

**Para 6.01(k) is amended to read as under:**

"6.01(k) BOA may allow, on a case to case basis, requests of EOU / EHTP / STP/ BTP units in sectors other than Gems & Jewellery, for consolidation of goods related to manufactured articles and export thereof along with manufactured article. Such goods may be allowed to be imported / procured from DTA by EOU with or without payment of duty as provided at Para 6.01 (d) (ii) and (iii) above, as the case may be, to the extent of 5% FOB value of such manufactured articles exported by the unit in preceding financial year. Details of procured / imported goods and articles manufactured by the EOU will be listed separately in the export documents. In such cases, value of procured / imported goods will not be taken into account for calculation of NFE and DTA sale entitlement. Such procured / imported goods shall not be allowed to be sold in DTA. BOA may also specify any other conditions."

**Para 6.02 is amended to read as under:**

"6.02 Second hand capital goods, without any age limit, may also be imported without payment of customs duty as provided under First Schedule to the Customs Tariff Act, 1975 and additional duty of Customs leviable under Section 3(1), 3(3) and 3(5) and without payment of Integrated Tax and GST Compensation Cess leviable under section 3(7) and 3(9) of the Customs Tariff Act, 1975 as per notification issued by the Department of Revenue

Members are requested to kindly go through the notification carefully and act accordingly. We look forward for your feedback in this regard.

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**[To be published in the Gazette of India Extraordinary Part-II, Section - 3, Sub Section (ii)]**

**Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
Directorate General of Foreign Trade**

**Notification No.33/2015-2020  
New Delhi, Dated: 13 October, 2017**

**Subject: Amendments in Foreign Trade Policy 2015-20 -reg**

S.O. (E): In exercise of powers conferred by Section 5 of FT (D&R) Act, 1992, read with paragraph 1.02 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby makes following amendments in Foreign Trade Policy 2015-20.

1. Para 4.14 is amended to read as under:

"4.14: Details of Duties exempted

Imports under Advance Authorisation are exempted from payment of Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-dumping Duty, Countervailing Duty, Safeguard Duty, Transition Product Specific Safeguard Duty, wherever applicable. Import against supplies covered under paragraph 7.02 (c), (d) and (g) of FTP will not be exempted from payment of applicable Anti-dumping Duty, Countervailing Duty, Safeguard Duty and Transition Product Specific Safeguard Duty, if any. However, imports under Advance Authorization for physical exports are also exempt from whole of the integrated tax and Compensation Cess leviable under sub-section (7) and sub-section (9) respectively, of section 3 of the Customs Tariff Act, 1975 (51 of 1975), as may be provided in the notification issued by Department of Revenue, and such imports shall be subject to pre-import condition."

2. Para 5.01 (a) is amended to read as under:

"5.01 (a) EPCG Scheme allows import of capital goods for pre-production, production and post-production at Zero customs duty. Capital goods imported under EPCG scheme for physical exports are also exempt from whole of the Integrated Tax and Compensation Cess leviable thereon under the subsection(7) and subsection (9) respectively, of section 3 of the Customs Tariff Act, 1975( 51 of 1975), as may be provided in the notification issued under Department of Revenue. Alternatively, the Authorisation holder may also procure Capital Goods from indigenous sources in accordance with provisions of paragraph 5.07 of FTP. Capital goods for the purpose of the EPCG scheme shall include:

- i. Capital Goods as defined in Chapter 9 including in CKD/SKD condition thereof;
- ii. Computer software systems;
- iii. Spares, moulds, dies, jigs, fixtures, tools & refractories for initial lining and spare refractories; and
- iv. Catalysts for initial charge plus one subsequent Charge."

3. Para 5.01(c) is amended to read as under:

"5.01 (c) Import under EPCG Scheme shall be subject to an export obligation equivalent to 6 times of duties, taxes and cess saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of Authorisation."

4. Para 5.01(e)stands deleted.

5. Para 5.07 is amended to read as under:

"5.07 Indigenous Sourcing of Capital Goods and benefits to Domestic Supplier

A person holding an EPCG authorisation may source capital goods from a domestic manufacturer. Such domestic manufacturer shall be eligible for deemed export benefit under paragraph 7.03 of FTP and as may be provided under GST Rules under the category of Deemed Exports. Such domestic sourcing shall also be permitted from EOUs and these supplies shall be counted for purpose of fulfilment of positive NFE by said EOU as provided in Para 6.09 (a) of FTP."

**6. Para 6.01(d) is amended to read as under:**

"6.01 (d) (i) An EOU | EHTP | STP | BTP unit may import and or procure, from DTA or bonded warehouses in DTA international exhibition held in India, all types of goods, including capital goods, required for its activities, provided they are not prohibited items of import in the ITC (HS) subject to conditions given at para (ii) & (iii) below. Any permission required for import under any other law shall be applicable. Units shall also be permitted to import goods including capital goods required for approved activity, free of cost or on loan/lease from clients. Import of capital goods will be on a self- certification basis. Goods imported by a unit shall be with actual user condition and shall be utilized for export production.

(ii) The imports and/ or procurement from bonded warehouse in DTA or from international exhibition held in India shall be without payment of customs duty as provided under First Schedule to the Customs Tariff Act, 1975 and additional duty of Customs leviable under Section 3(1), 3(3) and 3(5) and without payment of Integrated Tax and GST Compensation Cess leviable under section 3(7) and 3(9) of the Customs Tariff Act, 1975 as per notification issued by the Department of Revenue

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**7. Para 6.01(f) is amended to read as under:**

"6.01(f) EOU / EHTP / STP / BTP units may import without payment of customs duty as provided under First Schedule to the Customs Tariff Act, 1975 and additional duty of Customs leviable under Section 3(1), 3(3) and 3(5) and without payment of Integrated Tax and GST Compensation Cess leviable under section 3(7) and 3(9) of the Customs Tariff Act, 1975 as per notification issued by the Department of Revenue and / or procure from DTA, with payment of applicable taxes under GST and/ or Cenvat, as the case may be, certain specified goods for creating a central facility. Software EOU / DTA units may use such facility for export of software."

**8. Para 6.01(k) is amended to read as under:**

"6.01(k) BOA may allow, on a case to case basis, requests of EOU / EHTP / STP/ BTP units in sectors other than Gems & Jewellery, for consolidation of goods related to manufactured articles and export thereof along with manufactured article. Such goods may be allowed to be imported / procured from DTA by EOU with or without payment of duty as provided at Para 6.01 (d) (ii) and (iii) above, as the case may be, to the extent of 5% FOB value of such manufactured articles exported by the unit in preceding financial year. Details of procured / imported goods and articles manufactured by the EOU will be listed separately in the export documents. In such cases, value of procured / imported goods will not be taken into account for calculation of NFE and DTA sale entitlement. Such procured / imported goods shall not be allowed to be sold in DTA. BOA may also specify any other conditions."

**9. Para 6.02 is amended to read as under:**

"6.02 Second hand capital goods, without any age limit, may also be imported without payment of customs duty as provided under First Schedule to the Customs Tariff Act, 1975 and additional duty of Customs leviable under Section 3(1), 3(3) and 3(5) and without payment of Integrated Tax and GST Compensation Cess leviable under section 3(7) and 3(9) of the Customs Tariff Act, 1975 as per notification issued by the Department of Revenue

" Effect of this Notification: Various provisions of Foreign Trade Policy 2015-20 is amended to enable certain additional duties/taxes/cess exemptions for Advance authorisations, EPCG Authorisations and units under EOU/ EHTP / STP/ BTP Scheme.

**(Alok Vardhan Chaturvedi)**  
**Director General Foreign Trade**